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FOR RELEASE
November 5, 1984



DEFICIT REDUCED AS ECONOMY IMPROVES GROSSMAN REPORTS

TORONTO--Ontario's economy continues to perform better than forecast in the Budget, Treasurer Larry Grossman said today. As a result, government revenues are expected to be higher and net cash requirements will be reduced to \$1,816 million--\$223 million lower than the Budget forecast of \$2,039 million.

"We will achieve this significant reduction in net cash requirements while increasing expenditures in high priority areas, particularly social programs," Grossman said as he released Ontario's second-quarter financial figures.

"In keeping with Budget strategy, these increases were accommodated by finding offsetting reductions in other areas," the Treasurer said. "As a result, our Budget expenditure estimate of \$26,801 million remains on target."

Reviewing Ontario's economic performance since the Budget was tabled last May, Grossman said that real GPP growth for this year is now expected to be 5.2 per cent--considerably higher than the original Budget forecast of 4.7 per cent, and higher than the revised forecast of last August. "Clearly, our confidence in Ontario's economic prospects has been neither misplaced nor excessive," he said.



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The Treasurer also reported that:

- inflation continues to moderate and is now forecast to be 4.4 per cent this year--lower than the 5.3 per cent forecast in the Budget;
- Ontario's employment growth since November 1982 has been 7.1 per cent--significantly higher than the 4.4 per cent growth experienced in the rest of Canada; and
- 56,000 new jobs were created in Ontario's manufacturing sector during the first nine months of this year and service sector employment increased by 87,000 over the same period last year.

"Despite the healthy pace of job creation, our unemployment rate has risen marginally over the past three months," the Treasurer said. The unemployment rate was 9.5 per cent in September--up from 9.4 per cent a year earlier. "This is the result of stronger than expected growth in the labour force. Now that the economy is expanding, many who had given up looking for a job have decided to re-enter the labour force."

Grossman said that the Budget emphasis on long-term training and employment strategies "will ultimately bridge the will to work with the opportunity to work. But it will take a strong partnership between government and the private sector as well as sustained economic growth."

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